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Message Text

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PAGE 01 STOCKH 03902 051238Z

41
ACTION TRSE-00

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 AID-20 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 RSC-01 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 L-03 H-03 DRC-01 /160 W
---------- 034045
R 050927Z SEP 74
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 2813
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO

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E.O. 11652: N/A
TAGS: EFIN, SW
SUBJECT: U.S. GOLD CLAUSE JOINT RESOLUTION

REF: STATE 188463

1. ACCORDING TO LEGAL OFFICER (MR. SPARVE) OF BANK OF SWEDEN, SWEDEN DOES NOT HAVE LAWS OR REGULATIONS SIMILAR TO U.S. GOLD CLAUSE JOINT RESOLUTION. THERE IS NO LAW OR REGULATION IN SWEDEN WHICH RESTRICTS DENOMINATION OF PAYMENT OF CONTRACT IN GOLD, GOLD-EQUIVALENT CURRENCY OR MULTI-CURRENCIES, OR IN OTHER MUTUALLY AGREED UPON MULTICURRENCIES, SUCH AS EURCO.

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PAGE 02 STOCKH 03902 051238Z

2. AS BACKGROUND, SWEDEN SUSPENDED APPLICATION OF GOLD

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

CLAUSE FOR CERTAIN BONDS ISSUED PRIOR TO SEPTEMBER 28,1931
BY AN ACT DATED JUNE 17, 1932. THIS WAS A LIMITED
ACTION IN ITS APPLICATION. ALSO, THE PROMISSORY NOTES ACT
OF MARCH 27, 1936 DOES PLACE A GENERAL RESTRICTION,
WHEREBY "IN CASE THE APPLICATION OF AN INSTRUMENT OF DEBT
IS CLEARLY CONTRARY TO EQUITABLE BUSINESS PRINCIPLES OR IS
CONSIDERED IMPROPER, THE TERMS MAY BE ADJUSTED OR TAKEN
NOTICE OF". THE KEY WORD IS "CLEARLY" AND THE ABOVE
REQUIREMENT IS INTENDED ONLY TO PREVENT ABUSE OF CONTRACT
TERMS. WITH RESPECT TO THE U.S. JOINT RESOLUTION ON GOLD,
THE SWEDISH SUPREME COURT IN 1937 RECOGNIZED THE
RESOLUTION AS APPLICABLE TO CERTAIN BONDS ISSUED BY THE
SWEDISH GOVERNMENT IN NEW YORK.

3. SWEDEN, IN RESPONSE TO INTERNATIONAL CONVENTIONS
(E.G. THE WARSAW CONVENTION) HAS ON OCCASIONS TIED THE VALUE
OF A CURRENCY TO A FIXED VALUE OF GOLD BUT AS THE OFFICIAL
MARKET FOR GOLD HAS CEASED, THE CENTRAL BANK AND SWEDISH
COURTS NO LONGER APPLY TWQS. SWEDISH GOVERNMEMIS HOWEVER
CONSIDERING WHETHER NEW LEGISLATION SHOULD BE ENACTED TO
CLARIFY THIS PROBLEM.
STRNLSZ-HULR

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 05 SEP 1974
Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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EO Systematic Review
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